Queensland Fire and Emergency Services Financial Statements For the year ended 30 June 2019

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Queensland Fire and Emergency Services
Statement of comprehensive income
For the year ended 30 June 2019

	Notes	2019 Actual $'000	2019 Original Budget $'000	2019 Budget Variance* $'000	2018 Actual $'000
Income from continuing operations					
Appropriation revenue	3	106,395	97,709	8,686	87,635
User charges and fees	4	56,724	53,210	3,514	53,685
Emergency management levies	5	540,855	535,569	5,286	511,924
Grants and other contributions	6	20,538	13,733	6,805	29,405
Other revenue		3,224	2,271	953	2,861
Total revenue		**727,736**	**702,492**	**25,244**	**685,510**
Gains on disposal/remeasurement of assets		16	-	16	-
Total income from continuing operations		**727,752**	**702,492**	**25,260**	**685,510**
Expenses from continuing operations					
Employee expenses	7	414,918	404,929	9,989	381,624
Supplies and services**	9	264,379	124,349	140,030	226,329
Grants and subsidies**	10	26,588	156,443	(129,855)	52,474
Depreciation and amortisation	13,14	5,243	5,042	201	4,982
Impairment losses / (gains)		(315)	-	(315)	162
Other expenses	11	13,745	11,729	2,016	16,666
Total expenses from continuing operations		**724,558**	**702,492**	**22,066**	**682,237**
Operating result for the year		**3,194**	**-**	**3,194**	**3,273**

* An explanation of major variances is included at Note 24.

** Amounts paid to the Public Safety Business Agency previously included under grants and subsidies have been recategorised to supplies and services as per Note 9.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services
Statement of financial position
As at 30 June 2019

	Notes	2019 Actual $'000	2019 Original Budget $'000	2019 Budget Variance* $'000	2018 Actual $'000
Assets					
Current assets					
Cash		45,496	15,410	30,086	53,521
Receivables	12	50,704	48,081	2,623	50,545
Inventories		5,569	1,940	3,629	5,227
Prepayments		2,407	2,325	82	975
Total current assets		**104,176**	**67,756**	**36,421**	**110,268**
Non-current assets					
Intangible assets	13	5,066	7,805	(2,739)	7,404
Property, plant and equipment	14	16,836	20,481	(3,645)	17,378
Total non-current assets		**21,902**	**28,286**	**(6,384)**	**24,782**
Total assets		**126,078**	**96,042**	**30,036**	**135,050**
Liabilities					
Current liabilities					
Payables	15	28,022	14,890	13,132	44,166
Accrued employee benefits	16	20,855	19,787	1,068	14,792
Other current liabilities	17	2,581	8,604	(6,023)	4,935
Total current liabilities		**51,458**	**43,281**	**8,177**	**63,893**
Total liabilities		**51,458**	**43,281**	**8,177**	**63,893**
Net assets		**74,620**	**52,761**	**21,859**	**71,157**
Equity					
Contributed equity		36,522			36,272
Accumulated surplus		37,810			34,616
Asset revaluation surplus		288			269
Total equity		**74,620**			**71,157**

* An explanation of major variances is included at Note 24.

The accompanying notes form part of these statements.

Queensland Fire and Emergency Services

Statement of changes in equity

For the year ended 30 June 2019

	2019 $'000	2018 $'000
Contributed equity		
Opening balance	36,272	36,272
Transactions with owners as owners:		
Net transfers from/(to) other departments - non current assets	250	-
Closing balance	**36,522**	**36,272**
Accumulated surplus/(deficit)		
Opening balance	34,616	31,343
Operating result	3,194	3,273
Closing balance	**37,810**	**34,616**
Asset revaluation surplus		
Opening balance	269	269
Increase/(decrease) in asset revaluation surplus	19	-
Closing balance	**288**	**269**
Total equity	**74,620**	**71,157**

Queensland Fire and Emergency Services
Statement of cash flows
For the year ended 30 June 2019

	Notes	2019 Actual $'000	2019 Original Budget $'000	2019 Budget Variance* $'000	2018 Actual $'000
Cash flows from operating activities					
Inflows:					
Service appropriation receipts		104,089	97,709	6,380	93,985
User charges and fees		57,987	56,006	1,981	63,074
Emergency management levies		540,277	535,569	4,708	509,827
Grants and other contributions		10,363	3,918	6,445	19,106
GST input tax credits from ATO		16,486	-	16,486	13,441
GST collected from customers		3,803	-	3,803	3,853
Other		3,224	16,379	(13,155)	2,861
Outflows:					
Employee expenses		(409,270)	(404,929)	(4,341)	(385,834)
Supplies and services**		(283,857)	(138,457)	(145,400)	(207,986)
Grants and subsidies**		(26,588)	(156,443)	129,855	(52,474)
GST paid to suppliers		(16,294)	-	(16,294)	(13,476)
GST remitted to ATO		(3,803)	-	(3,803)	(3,853)
Other		(2,202)	(4,710)	2,508	(5,977)
Net cash provided by/(used in) operating activities		**(5,785)**	**5,042**	**(10,826)**	**36,547**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		1,524	-	1,524	-
Outflows:					
Payments for property, plant and equipment		(4,004)	(5,750)	1,746	(3,468)
Payments for intangibles		(10)	-	(10)	-
Net cash provided by/(used in) investing activities		**(2,490)**	**(5,750)**	**3,260**	**(3,468)**
Cash flows from financing activities					
Inflows:					
Equity injections		250	250	-	-
Outflows:					
Equity withdrawals		-	(4,230)	4,230	-
Net cash provided by/(used in) financing activities		250	(3,980)	4,230	-
Net increase/(decrease) in cash		(8,025)	(4,688)	(3,337)	33,079
Cash at beginning of financial year		53,521	20,098	53,521	20,442
Cash at end of financial year		**45,496**	**15,410**	**50,184**	**53,521**

* An explanation of major variances is included at Note 24.

** Refer to Note 9 and Note 10 for prior year reclassification.

Reconciliation of operating result to net cash from operating activities

	2019 $'000	2018 $'000
Operating result	3,194	3,273
Non-cash items included in operating result:		
Depreciation and amortisation expense	5,243	4,982
Net (gains)/losses on disposal of property, plant and equipment	146	53
Change in assets and liabilities:		
(Increase)/decrease in emergency management levies	(576)	(2,097)
(Increase)/decrease in trade debtors	1,128	(1,830)
(Increase)/decrease in net GST receivable	192	(35)
(Increase)/decrease in annual leave receivables	(246)	24
(Increase)/decrease in long service leave receivables	(180)	119
(Increase)/decrease in departmental services revenue receivables	-	2,030
(Increase)/decrease in accrued debtors	(68)	10,021
(Increase)/decrease in other receivables	(408)	1,433
(Increase)/decrease in inventories	(344)	(3,286)
(Increase)/decrease in other current assets	(1,432)	1,252
Increase/(decrease) in payables	(16,144)	21,227
Increase/(decrease) in accrued employee benefits	6,063	(4,995)
Increase/(decrease) in other liabilities	(2,353)	4,375
Net cash from operating activities	**(5,785)**	**36,547**

Accounting Policy - Cash

Cash assets include cash on hand, and all cash and cheques receipted but not banked as at 30 June.

The department has authorisation to operate in overdraft within a specified limit in accordance with the *Financial Accountability Act 2009.* The approved overdraft limit is $110m.

1 Basis of financial statement preparation

(a) General information

The Queensland Fire and Emergency Services is a Queensland Government public sector department established on 1 November 2013 under the *Public Service Act 2008.*

The Queensland Fire and Emergency Services is a not-for-profit entity and has no controlled entities.

(b) Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009.*

These financial statements are general purpose financial statements and are prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year beginning on 1 July 2018 and other authoritative pronouncements.

(c) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936 (Cwth)* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

(d) Basis of measurement

The historical cost convention is used unless fair value is stated as the measurement basis.

(e) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential effect on the financial statements are outlined in the following financial statement notes:
- Depreciation and Amortisation - Note 13 and Note 14
- Services received below fair value - Note 6 and Note 11.

(f) Presentation matters

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Comparative information has been restated where necessary to be consistent with disclosures in the current year reporting period.

1 Basis of financial statement preparation (continued)

(g) Future impact of accounting standards not yet effective

The department did not voluntarily change any of its accounting policies during 2018-19. As at the date of authorisation of the financial report, the expected impacts of the following accounting standards and interpretations issued but with future effective dates are set out below:

AASB 15 Revenue for Contracts with Customers , effective 2019-20

This Standard will become effective from reporting periods beginning on or after 1 January 2019 and contains detailed requirements for the accounting for certain types of revenue from customers.

The department has commenced analysing the new revenue recognition requirements under this standard and potential impacts identifiable at the date of this report are as follows:

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Grants received whereby performance obligations exist will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue when received (refer to Note 6).

Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the department's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations (such amounts would be reported as a liability i.e. unearned revenue). The department has completed its analysis of current arrangements for sale of its goods and services. The department does not currently have any revenue contracts with a material impact for the period after 1 July 2019, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

AASB 1058 Income of Not-for-Profit Entities , effective 2019-20

This Standard will become effective from reporting periods beginning on or after 1 January 2019 and the standard contains detailed requirements for the accounting for Income of Not-for-profit (NFP) entities.

AASB 1058 amends AASB 16 Leases so that the right-of-use assets arising from 'peppercorn leases' are measured at fair value (instead of cost under AASB 16 paragraphs 23-24). However, this has been amended by AASB 2018-8 which provides a temporary option for NFP lessees to not initially recognise at fair value the right-of-use asset arising from leases that have significantly below market terms when AASB 1058 and AASB 16 become effective for the 30 June 2020 year end. The option relief is expected to remain in place until further guidance has been developed to assist NFP entities in fair valuing such right-of-use assets and the financial reporting requirement have been finalised. The department has identified 404 peppercorn leases for rural fire brigade properties and has elected to apply this temporary option resulting in these leases being measured at cost with no change to current financial reporting in the financial statements.

1 Basis of financial statement preparation (continued)

(g) Future impact of accounting standards not yet effective (continued)

AASB 16 Leases, effective 2019-20

This standard will become effective from reporting periods beginning on or after 1 January 2019.

Under AASB 16, a number of operating leases (as defined by the current AASB 117 and shown at Note 19) will be reported on the statement of financial position as right-of-use assets and lease liabilities.

Under this standard, lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. the right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

Treasury intends to mandate the modified retrospective approach. Under this transition approach, agencies will not need to restate comparative figures in the 2019-20 financial statements. For leases that were operating leases under AASB 117, agencies will measure their new lease liability at 1 July 2019 by discounting the remaining lease payment at the agency's incremental borrowing rate.

The department has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, QFES held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Lease payments under these arrangements totalled $2.724m p.a. The department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO will result in the above arrangement being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expenses when incurred.

The department has quantified the transitional impact on the statement of financial position and statement of comprehensive income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows.

Statement of financial position impact on 1 July 2019:
- $7.706m increase in lease liabilities
- $7.706m increase in right-of-use assets
- $Nil impact in opening accumulated surplus.

Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018-19:
- $1.250m increase in depreciation and amortisation expense
- $0.115m increase in interest expense
- $1.396m decrease in supplies and services expense
- This results in a net decrease of $0.031m in total expenses.

Other Standards and Interpretations

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the department or have no material impact.

1 Basis of financial statement preparation (continued)

(h) Accounting standards applied for the first time

QFES applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement* . The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Under AASB 9, debt instruments are categorised into one of three measurement bases - amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:
- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the department's business model for managing the assets.

The department's debt instruments comprise of receivables disclosed in Note 12. They were classified as Receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

The adoption of AASB 9's new impairment model has not resulted in a material impact. Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

AASB 139 measurement category	AASB 9 measurement category	Impairment allowance 30 June 2018	Re-measurement*	Loss allowance 1 July 2018
		$'000	$'000	$'000
Receivables				
- Trade debtors	Amortised cost	952	2	950
		952	2	950

* The loss allowance was not re-measured at 1 July 2018 due to management's determination as noted above.

There is no change to either the classification or valuation of the cash item and all financial liabilities listed in Note 20 will continue to be measured at amortised cost.

2 Objectives and principal activities of the department

Queensland Fire and Emergency Services (QFES) is the primary provider of fire and rescue and emergency management programs and services throughout Queensland. QFES encompasses the Fire and Rescue Service (FRS), disaster management services, the Rural Fire Service (RFS), the State Emergency Service (SES) and also supports other volunteer groups that provide emergency responses to Queenslanders.

QFES protects persons, property and the environment through the provision of effective prevention, preparedness, response and recovery activities across a range of fire and emergency events including natural and human induced disasters.

QFES' outcomes, as outlined in the 2018-2022 strategic plan are:
- communities are appropriately skilled and resourced to prevent incidents occurring and are adequately prepared for, and able to mitigate, the impacts of fire and emergency events
- timely, coordinated and appropriate responses are provided to fire and emergency events that minimise their effects
- appropriate relief and support is provided after responses to fire and emergency events until a managed transition occurs
- QFES is strategically capable and agile
- QFES' business enabling services enhance, integrate and support the department's service delivery and are compliant, authorised and fit-for-purpose.

QFES contributes to the Queensland Government's priorities to be a responsive government and keep communities safe.

QFES is currently assessing the complex legal status of rural fire brigades to develop solutions that will support a modern RFS into the future. As at the date of this report, the financial, administrative and human resource implications for RFS, if any, are yet to be determined. It is anticipated that this review will be completed in the future to inform QFES for future planning.

3 Appropriation revenue

	2019 $'000	2018 $'000
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Budgeted appropriation revenue	97,709	81,068
Unforeseen expenditure	4,366	8,597
Total appropriation receipts (cash)	**102,075**	**89,665**
Less: opening balance of appropriation revenue receivable	-	(2,030)
Plus: opening balance of deferred appropriation payable to Consolidated Fund	4,320	-
Less: closing balance of deferred appropriation payable to Consolidated Fund	(2,014)	(4,320)
Net appropriation revenue	**104,381**	**83,315**
Plus: deferred appropriation payable to Consolidated Fund (expense)	2,014	4,320
Appropriation revenue recognised in Statement of comprehensive income	**106,395**	**87,635**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	250	-
Equity adjustment receipts	250	-
Equity adjustment recognised in contributed equity	**250**	**-**

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriations Act 2018* are recognised as revenue when received or receivable. Where appropriation revenue has been approved but not yet received, it is recorded as departmental services revenue receivable at the end of the reporting period.

4 User charges and fees

	2019 $'000	2018 $'000
Alarm maintenance and monitoring	21,667	20,244
Attendance charges	12,335	11,949
Building and infrastructure fire safety	16,561	15,152
Sale of goods and services	6,161	6,340
Total	**56,724**	**53,685**

Accounting Policy - User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty.

5 Emergency management levies

	2019 $'000	2018 $'000
Gross emergency management levies	550,755	521,353
Less: pensioner discount	(9,900)	(9,429)
Total	**540,855**	**511,924**

Accounting Policy - Emergency management levies

Emergency management levies are recognised at the amounts due as advised by each local government authority in their annual returns in accordance with the *Fire and Emergency Services Act 1990.*

6 Grants and other contributions

	2019 $'000	2018 $'000
Commonwealth contributions	1,568	1,368
Grants from Queensland Government departments *	5,609	14,192
Motor Accident Insurance Commission	2,631	2,790
Services received below fair value **	10,267	10,299
Other	463	756
Total	**20,538**	**29,405**

* Includes Natural Disaster Relief & Recovery Arrangements and Disaster Recovery Funding Arrangements Assistance of $4.671m (2017-18: $5.730m).

** 2018-19 services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Housing and Public Works.

6 Grants and other contributions (continued)

Accounting Policy - Grants and other contributions

Grants, contributions and donations that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements as it is earned.

Accounting Policy - Services received free of charge below fair value or for nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense in the Statement of comprehensive income.

7 Employee expenses

	2019 $'000	2018 $'000
Employee benefits		
Wages and salaries - General	276,604	264,817
Wages and salaries - Overtime	33,550	22,236
Employer superannuation contributions	37,175	35,250
Long service leave levy	7,276	6,846
Annual leave levy	38,095	36,637
Employee related expenses		
Workers' compensation premiums	12,681	10,433
Fringe benefits tax expense	522	664
Training expenses	4,809	4,062
Other employee related expenses	4,206	679
Total	**414,918**	**381,624**

Full-Time equivalent employees (number)	3,338	3,234

Accounting Policy - Employee expenses

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of financial position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months of the reporting date, the liabilities are recognised at their undiscounted values.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave and long service leave

The department is a member of the Queensland Government's Annual Leave and Long Service Leave Central Schemes. A levy is payable to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's Qsuper defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

7 Employee expenses (continued)

Accounting Policy - Employee expenses (continued)

Workers compensation premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not included in an employee's total remuneration package.

8 Key Management Personnel disclosures

(a) Details of Key management personnel (KMP)

The department's responsible Minister Fire and Emergency Services is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures.* The Minister is the Minister Fire and Emergency Services.

The other non-Ministerial KMP personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Commissioner	Leading and managing the efficient functions of FRS, RFS and SES, and emergency management and disaster mitigation programs and services throughout Queensland. The Commissioner is the rotational Chair of the PSBA Board of Management and represents QFES at local, community, state, national and international forums.
Deputy Commissioner - Readiness and Response Services	Leadership and management of FRS operations for the seven QFES Regions. This service primarily provides the response to emergencies and includes Specialist Response and Planning. The Deputy Commissioner is also the President of the Australasian Road Rescue Organisation which is the peak body in Australasia for the development and exchange of information, knowledge and skills in road rescue.
Deputy Commissioner - Emergency Management, Volunteerism and Community Resilience	Leading and managing the prevention and community preparedness, and recovery functions for QFES. The role has oversight of the Queensland Emergency Risk Management Framework (QERMF), emergency management planning for before and after disasters, volunteerism, and strengthening community partnerships to build safe, healthy, confident and connected communities across Queensland. The Deputy Commissioner is a member on the National Aerial Firefighting Centre Board of Directors and represents QFES on a number of state and national bodies.
Deputy Commissioner - Strategy and Corporate Services	Leading the department's strategic framework and vision, driving performance and integrated capability across QFES. The Division includes Strategy, systems, Standards and Performance; Executive, Ministerial and Corporate Services; and Human Capital Management Directorates and works closely with the public safety agencies. The Deputy Commissioner and Chief Strategy Officer represents QFES on a number of major committees and boards including the BNHCRC, the Government Wireless Network Governance Board and the Public Safety Portfolio Audit and Risk Committee.
Chief Operating Officer (PSBA)	The Chief Operating Officer, Public Safety Business Agency, supports the Board to perform its functions. The Chief Operating Officer is responsible for the day-to-day operations of the PSBA and for leading that agency to deliver high quality, sustainable corporate services in alignment with the priorities and policies of the state government. The Chief Operating Officer represents the department on a number of major committees and boards including the Directors-General ICT Council and the Government Shared Services Customer Board.

There was one external member appointed to the QFES Board of Management in January 2019. For 2018-19 the independent external member received $3,300 in remuneration. There were no other on-costs.

(b) Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch with the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the KMP are specified in employment contracts.

8 Key Management Personnel disclosures (continued)

(b) Remuneration policies (continued)

Remuneration expenses for KMP comprise the following components:

- Short term employee expenses include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a key management person;
  - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- No KMP remuneration packages provide for performance or bonus payments.

(c) Remuneration Expenses

1 July 2018 – 30 June 2019

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Commissioner	357	-	7	73	-	**437**
Deputy Commissioner - Readiness and Response Services	250	-	5	51	-	**306**
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience	251	1	5	50	-	**307**
Deputy Commissioner - Strategy & Corporate Services	270	-	5	50	-	**325**
Chief Operating Officer (PSBA)	Remuneration is reported by the Public Safety Business Agency (PSBA).					

8 Key Management Personnel disclosures (continued)

(c) Remuneration Expenses (continued)

1 July 2017 – 30 June 2018

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Commissioner	357	14	7	41	-	**419**
Deputy Commissioner - Readiness and Response Services	252	-	5	29	-	**286**
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience	254	-	5	28	-	**287**
Deputy Commissioner - Strategy & Corporate Services	247	-	5	26	-	**278**
Deputy Commissioner - Emergency Management, Volunteerism & Community Resilience (Acting)	28	-	1	3	-	**32**
Chief Operating Officer (PSBA)	Remuneration is reported by the Public Safety Business Agency (PSBA).					

(d) Related party transactions with people/entities related to KMP

There were no material related party transactions associated with the department's KMP during 2018-19 (2017-18:nil).

9 Supplies and services

	2019 $'000	2018 $'000
Aircraft related costs	14,410	2,619
Cleaning and laundering	1,653	970
Communications	27,770	19,845
Computer expenses	6,769	5,731
Contractors	15,136	8,238
Emergency management levy administration fees	6,846	6,787
Marketing expenses	2,207	2,293
Minor equipment purchases	9,383	8,691
Motor vehicle expenses	19,917	17,822
Operating leases	5,907	4,986
Property expenses	4,680	5,367
Public Safety Business Agency (PSBA) - operating expense *	106,566	110,077
Repairs and maintenance	11,378	12,402
Rural fire brigade operating costs	3,566	2,414
Travel and accommodation	11,391	8,567
Other	16,800	9,520
Total	**264,379**	**226,329**

* Operating expense has been reclassified from grants and subsidies and represents the financial contribution made to the PSBA to support the provision of corporate services by the PSBA to the department. This contribution provides for information and communication services, financial services, procurement services, fleet, property and facilities management, Queensland government air services, human resource services and other corporate services. The operating expense also includes a contribution for depreciation and amortisation of property, plant and equipment and intangible assets owned by PSBA but used by QFES to deliver fire and rescue and emergency management programs and services throughout Queensland. Refer also to Note 14.

Accounting Policy - Operating leases rentals

Operating lease payments are representative of the pattern of benefits derived for leased assets and are expensed in the periods in which they are incurred. Material incentives received on entering into an operating lease are recognised as liabilities.

10 Grants and subsidies

	2019 $'000	2018 $'000
Air sea rescue, coast guard and life saving organisations	9,146	8,854
Local authorities	2,709	3,248
Public Safety Business Agency (PSBA)-capital grant *	9,638	35,657
State emergency services	3,114	2,594
Volunteer rural fire brigades	591	753
Other	1,390	1,368
Total	**26,588**	**52,474**

* Capital grant paid to PSBA represents funding to deliver the increased capital program including new, replacement and upgraded facilities, vehicles and information and communication technology.

11 Other expenses

	2019 $'000	2018 $'000
Audit fees *	256	369
Insurance premiums-QGIF	936	1,071
Insurance premiums-other	12	7
Loss on disposal of non-current assets	162	53
Services received below fair value **	10,175	10,299
Special payments ***	81	101
Deferred appropriation payable to Consolidated Funds	2,014	4,320
Other	109	446
Total	**13,745**	**16,666**

* Total audit fees quoted by Queensland Audit Office for the 2018-19 financial statements are $225,000 (2017-18: $235,750). The balance of the fees for the 2017-18 audit were incurred and paid in 2018-19.

** 2018-19 services received below fair value represents an estimate of the Government Wireless Network (GWN) services received as managed by the Department of Housing and Public Works.

*** Special payments made in 2018-19 relate to a separation agreement ex gratia payment.

11 Other Expenses (continued)

Accounting Policy - Services received free of charge below fair value or for nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense in the Statement of comprehensive income.

Accounting Policy - Insurance

The majority of the department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), with premiums being paid on a risk assessment basis.

For litigation purposes, under the QGIF policy, the department is able to claim back, less a $10,000 deductible, the amount paid to successful litigants.

The department has no contingent liabilities which would have a material impact on the information disclosed in the 2018-19 financial statements.

12 Receivables

	2019 $'000	2018 $'000
Emergency management levies	26,591	26,014
Trade debtors	8,080	9,524
Less: Allowance for impairment loss	(635)	(952)
	34,036	34,586
GST receivable	1,741	1,547
GST payable	(575)	(189)
	1,166	1,358
Accrued debtors	3,269	3,202
Annual leave reimbursements	9,826	9,580
Long service leave reimbursements	1,634	1,454
Other	773	365
	15,502	14,601
Total	**50,704**	**50,545**

Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery, that is, the agreed purchase or contract price. The department's standard settlement terms is 30 days from the invoice date.

Emergency management levies are recognised at the amounts due as advised by each local government authority in their annual returns in accordance with the *Fire and Emergency Services Act 1990.*

Other receivables generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Settlement terms depend on the nature of the receivable. No interest is charged (other than for overdue emergency management levies) and no security is obtained.

Accounting Policy - Impairment of receivables

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the department's debtors, along with relevant industry and statistical data where applicable.

No loss allowance is recorded for receivables from Queensland Government agencies or Australian Government agencies on the basis of materiality.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivables against the loss allowance. This occurs after the appropriate range of debt recovery actions. Where the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in the Statement of comprehensive income.

12 Receivables (continued)

Disclosure - Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no credit enhancements relating to the department's receivables.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated for groupings of customers with similar loss patterns. The department has determined only one material grouping for measuring expected losses. The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transaction during the last 5 years preceding 30 June 2019. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For QFES, a change in the CPI rate is determined to be the most relevant forward-looking indicator for receivables. The historical default rates are adjusted based on expected changes to that indicator.

13 Intangible assets

	Software internally generated 2019 $'000	Software work in progress 2019 $'000	Total 2019 $'000
Gross value	23,081	907	23,988
Less: Accumulated amortisation	(18,922)	-	(18,922)
	4,159	**907**	**5,066**
Reconciliation			
Opening balance	6,487	917	7,404
Disposals		(10)	(10)
Amortisation	(2,328)	-	(2,328)
Closing balance	**4,159**	**907**	**5,066**

	Software internally generated 2018 $'000	Software work in progress 2018 $'000	Total 2018 $'000
Gross value	23,081	917	23,998
Less: Accumulated amortisation	(16,594)	-	(16,594)
	6,487	**917**	**7,404**
Reconciliation			
Opening balance	8,816	-	8,816
Acquisitions	-	917	917
Amortisation	(2,329)	-	(2,329)
Closing balance	**6,487**	**917**	**7,404**

13 Intangible assets (continued)

Accounting Policy - Recognition thresholds for intangible assets

Intangible assets with a cost or other value equal to or in excess of $100,000 are capitalised for financial reporting purposes in the year of acquisition. Items purchased or acquired for a lesser value are expensed in the year of acquisition.

Accounting Policy - Amortisation of intangible assets

All intangible assets are amortised on a straight line basis over the asset's estimated useful life against a 10% amortisation rate.

Accounting Policy - Impairment of intangible assets

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

14 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2019	2019	2019	2019	2019	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Gross value	521	4,805	21	36,997	607	42,951
Less: Accumulated depreciation	-	(4,351)	-	(21,764)	-	(26,115)
	521	**454**	**21**	**15,233**	**607**	**16,836**
Reconciliation						
Opening balance	514	455	-	16,119	289	17,377
Acquisitions	-	-	-	2,106	318	2,424
Donations received	-	-	-	92	-	92
Donations made	-	-	-	(4)	-	(4)
Transfers from/(to) other agencies	-	-	21	-	-	21
Disposals	-	-	-	(178)	-	(178)
Net revaluations increments/(decrements)	7	12	-	-	-	19
Depreciation	-	(13)	-	(2,902)	-	(2,915)
Closing balance	**521**	**454**	**21**	**15,233**	**607**	**16,836**

	Land	Buildings	Heritage and cultural	Plant and equipment	Work in progress	Total
	2018	2018	2018	2018	2018	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Gross value	514	4,679	-	36,991	289	42,473
Less: Accumulated depreciation	-	(4,224)	-	(20,872)	-	(25,096)
	514	**455**	**-**	**16,119**	**289**	**17,377**
Reconciliation						
Opening balance	514	468	-	16,397	155	17,534
Acquisitions	-	-	-	2,426	134	2,560
Disposals	-	-	-	(63)	-	(63)
Depreciation	-	(13)	-	(2,641)	-	(2,654)
Closing balance	**514**	**455**	**-**	**16,119**	**289**	**17,377**

14 Property, plant and equipment (continued)

Accounting Policy - Ownership and acquisitions of assets

Section 7 of the *Public Safety Business Agency Act 2014* requires the PSBA to hold and maintain infrastructure, fleet and communication technology assets for public safety entities. As a result, land, buildings, fleet and the majority of information and communication technology non-current assets utilised by QFES to deliver fire and rescue and emergency management programs and services throughout Queensland are recognised and reported in the financial statements of the PSBA.

The Net Book Value (NBV) of property, plant and equipment and intangible assets reported by PSBA but utilised by QFES are as follows:

Class	NBV ($'000)
Infrastructure	17
Land	186,955
Buildings	342,088
Heritage and cultural assets	181
Major plant and equipment	27,588
Plant and equipment	202,542
Software - Internally generated	3,910
Software - purchased	120

Historical cost is used for the initial recording of all intangibles and property, plant and equipment acquisitions. Historical cost is determined as the value provided as consideration plus costs incidental to the acquisition and costs incurred in getting the asset ready for use.

Where assets are received free of charge from another Queensland Government department (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the accounts of the transferor immediately prior to the transfer together with any accumulated depreciation.

Accounting Policy - Recognition thresholds for property, plant and equipment

Basis of capitalisation and recognition thresholds

Property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land	$1
Buildings	$10,000
Plant and equipment	$5,000

Items purchased or acquired for a lesser value are expensed in the year of acquisition.

Accounting Policy - Depreciation of property, plant and equipment

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant asset classes within property, plant and equipment.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

For each class of depreciable asset the following depreciation rates are used:

Class	Rate (%)
Buildings	1% to 5%
Plant and equipment	1% to 33.3%

Accounting Policy - Revaluations of property, plant and equipment

Land and buildings are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment, AASB 13 Fair Value Measurement* and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. Land is reported at revalued amounts, being fair value at the date of valuation. This is undertaken on a rolling basis over a four-year period with relevant indices applied during the intervening years as provided by the Australis Asset Advisory Group (AAAG).

All other plant and equipment are measured at historical cost in accordance with the Non-Current Asset Policies.

14 Property, plant and equipment (continued)

Revaluation methodology

Fair value was determined using a current replacement cost approach for buildings and market value for land. The current replacement cost was based on a combination of internal records of the original cost of the specialised fit outs, adjusted for more contemporary design and construction approaches, and published construction rates for various standard components of buildings.

	2019 $'000	2018 $'000
15 Payables		
Trade creditors	24,453	18,294
Accrued creditors	1,500	25,361
Tax liabilities	160	151
Other	1,909	360
Total	**28,022**	**44,166**

Accounting Policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

16 Accrued employee benefits

	2019 $'000	2018 $'000
Annual leave levy payable	10,784	10,175
Long service leave levy payable	1,794	1,754
Salaries and wages outstanding	7,579	2,480
Other	698	383
Total	**20,855**	**14,792**

Accounting Policy - Employee benefits

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting* .

17 Other current liabilities

	2019 $'000	2018 $'000
Unearned revenue	456	477
Deferred appropriation payable to Treasury	2,014	4,320
Other	111	138
Total	**2,581**	**4,935**

18 Related party transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue and equity injections, both which are provided in cash via Queensland Treasury. Refer Note 3 and the Statement of changes in equity.

Services below fair value transactions with other departments are disclosed in Note 6 and Note 11.

19 Commitments

(a) Non-cancellable operating lease commitments

Operating lease commitments inclusive of non-recoverable GST input tax credits at the reporting date are payable as follows:

	2019 $'000	2018 $'000
Not later than one year	5,844	5,592
Later than one year and not later than five years	14,907	15,494
Later than five years	1,026	2,294
Total	**21,777**	**23,380**

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. The department has entered into significant leasing arrangements for training facilities and office accommodation at Howard Smith Drive, Whyte Island, Brisbane.

19 Commitments (continued)

(b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of non-recoverable GST input tax credits at the reporting date are payable as follows:

	Note	2019 $'000	2018 $'000
Class of asset			
Plant and equipment		270	361
Total		**270**	**361**
Not later than one year		270	361
Total		**270**	**361**

(c) Other expense commitments

Other operating expense commitments inclusive of non-recoverable GST input tax credits at reporting date are payable:

		2019 $'000	2018 $'000
Not later than one year		18,302	8,729
Total		**18,302**	**8,729**

20 Financial instruments

Financial instruments categories

The department has the following categories of financial assets and financial liabilities:

	Note	2019 $'000	2018 $'000
Financial assets			
Cash		45,496	53,521
Financial assets measured at amortised cost:			
Receivables	12	50,704	50,545
Total financial assets		**96,200**	**104,066**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	15	28,022	44,166
Total financial liabilities at amortised cost		**28,022**	**44,166**

No financial assets and financial liabilities have been offset and presented net in the Statement of financial position.

Accounting Policy - Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the Statement of financial position when the department becomes party to the contractual provisions of the financial instrument.

Classification
Financial instruments are classified and measured as follows:
- Cash - held at fair value
- Receivables - held at amortised cost
- Payables - held at amortised cost.

Apart from cash and cash equivalents, the department holds no financial assets classified at fair value.

(a) Financial risk management

Financial risk management is implemented pursuant to Government and departmental policies. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risk is managed under policies approved by the department.

The department activities expose it to a variety of financial risks as set out in the following table:

20 Financial instruments (continued)

(a) Financial risk management (continued)

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (Note 12).
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to credit risk in respect of its payables (Note 15).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.

(b) Risk Measurement and Management Strategies

Risk exposure	Measurement Method	Risk Management Strategies
Credit risk	Ageing analysis, earnings at risk	The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

(c) Credit risk

Certain contractual obligations expose the department to credit risk in excess of the carrying amount of any asset or liability recognised from entering the transaction.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment (refer Note 12).

(d) Liquidity risk

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of financial position that are based on discounted cash flows.

Financial liabilities	Note	2019 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	15	28,022	-	-	**28,022**

Financial liabilities	Note	2018 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	15	44,166	-	-	**44,166**

21 Administered items

The department manages the collection of fines imposed in relation to breaches of the fire safety legislation on behalf of the Queensland government.

Total administered receipts from fines for transfer to Queensland government was $0.051m (2018: $0.032m).

22 Trust transactions and balances

Queensland Fire and Emergency Services can appoint four of the seven trustees and provides administrative support to manage transactions and balances for the Queensland Volunteer Rural Fire Brigades Donations Fund. The Fund was formed on 1 January 2013 for the charitable purpose of supporting the volunteer based emergency service activities of the rural fire brigades.

Hanrick Curran Audit Pty Ltd are the auditors for the Queensland Volunteer Rural Fire Brigades Donations Fund.

Donations received for payment to brigades totalled $0.100m (2018: $0.060m).

Total cash at bank at reporting date was $0.001m (2018: $0.006m), total donations payable to brigades was $0.001m (2018: $0.006m).

Accounting Policy - Trust transactions and balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties and also performs certain agency transactions.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the department's financial statements.

23 Events occurring after balance date

There were no events occurring after the balance date that management considers would have a material impact on the information disclosed in the these financial statements.

24 Budgetary reporting disclosures

Explanation of major variances - Statement of comprehensive income

Appropriation Revenue : additional funding over budget was received for QFES' public safety regional radio networks digital readiness and ensuring compliance with the requirements of the Australian Communications and Media Authority (ACMA).

User charges and fees : building and infrastructure fire safety fees ($2.260 million) exceeded revenue expectations, predominately in the Brisbane and South East Regions, as well as increased alarm monitoring ($1.775 million) and unwanted alarm attendance charges ($0.587 million). The additional revenues is partly offset by reduced commercial training revenues ($1.108 million).

Grants and other contributions : exceeded budget due to the receipt of Natural Disaster Relief and Recovery Arrangements (NDRRA) and Disaster Recovery Funding Arrangements (DRFA) revenues associated with both current and prior year severe weather events ($4.671 million), sponsorships and contributions for State Emergency Services and Rural Fire Brigades ($1.427 million), contributions for aerial operations from the National Aerial Firefighting Centre (NAFC), and commonwealth grants for international urban search and rescue capability ($0.707 million).

Employee expenses : exceeded budget due to additional overtime expenditure ($13.252 million) associated with bushfire and severe weather deployments and workers compensation premiums ($1.982 million), partly offset by lower than anticipated expenditure on uniforms and personal protective equipment ($5.245 million).

Supplies and services : exceeded budget due to the reclassification of contributions paid to PSBA as procured supplies and services rather than grants, the transfer of funding from PSBA to QFES for Queensland Shared Services (QSS) expenses, additional funding for QFES' public safety regional radio networks digital readiness and to ensure compliance with the requirements of the ACMA, and expenditure associated with bushfire and severe weather deployments.

Grants and subsidies : below budget mainly due to the reclassification of contributions paid to PSBA as procured supplies and services rather than grants, and the transfer of funding from PSBA to QFES for QSS expenses.

24 Budgetary reporting disclosures (continued)

Explanation of major variances - Statement of financial position

Cash : higher than budget due to timing of payables, as well as capital expenditure being less than anticipated, and rescheduling of capital programs delivered by PSBA on behalf of QFES.

Intangible assets : below budget due to delays with operational information systems projects in 2018-19 and capital projects that commenced in 2018-19 but are scheduled for completion in 2019-20.

Property, plant and equipment : below budget due to delays with operational equipment acquisitions in 2018-19 and capital acquisitions that are scheduled for completion in 2019-20.

Explanation of major variances - Statement of cash flows

Cash : Rescheduling of capital programs delivered by PSBA on behalf of QFES to 2019-20, along with timing of payables, has resulted in lower than budgeted cash outflows.

Queensland Fire and Emergency Services
Management Certificate for the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Finance and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Fire and Emergency Services for the year ending 30 June 2019 and of the financial position of the department at the end of that year; and

(c) The Commissioner, as the accountable officer of Queensland Fire and Emergency, acknowledges responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respect, of an appropriate and effective system of internal controls and risk management process with respect to financial reporting throughout the reporting period.

M. Wassing AFSM
BAppSc (EnvMgt & Land Use Policy)
GradDipBusiness (StratMgt), GAICD

A/Accountable Officer
A/Commissioner

23 August 2019

W. Brummer
B.Bus (Acctg), Grad Cert Prof Acctg
MIPA, GAICD

Chief Finance Officer

23 August 2019

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Fire and Emergency Services

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Queensland Fire and Emergency Services.

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

I have determined that there are no key audit matters to communicate in our report.

Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Queensland Audit Office
Better public services

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

Auditor’s responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Queensland Audit Office
Better public services

In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2019:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

JWelsh

28 August 2019

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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